

August 27, 2007

Ms. Dawn Philibert
Mental Health Systems Development Director
Division of Mental Health
Vermont Department of Health
108 Cherry Street
Burlington, VT 05402

Re: Letter of Intent to Construct a New Facility

Dear Dawn,

Please accept my "Letter of Intent" on behalf of Lamoille County Mental Health Services, Inc. that outlines the agency's intention to construct a 15,000 square foot building in Morrisville. Our plan to consolidate all of our mental health, developmental services and administrative programs has been a dream of staff, board members and mine for many years. We expect to combine into one facility, our currently leased offices at Washington Street, Brooklyn Street and a recently acquired space at Harrel Street. This new office, at Harrel Street, is a temporary fix for an immediate need within our growing developmental services program. The offices at Washington and Brooklyn Streets are old buildings and very unsatisfactory environments for clients and staff as well as cause a long-term financial burden to the agency in the form of escalating rental, maintenance and other operating costs.

The agency is very close to purchasing a piece of land in Morrisville that will provide easy access for our clients and staff whether they utilize private or public transportation. We have worked closely with several local firms toward analyzing the costs of constructing and furnishing a 15,000 square foot facility and find that an estimate of \$3 million is feasible. LCMHS intends to finance the project with a long-term low interest rate bond and with some of our capital reserve. We are hoping to participate in a bond issuance within the next few months with the designated provider system.

Please contact me if you need additional information as you review this letter of intent. I look forward to hearing from you.

Sincerely,

William K. Alexander
Chief Executive Officer